G.R.S. IX—5]

Previous references: 1924-25 (G.A.) **File No.** 49-

Serial Nos. 2

Later references:

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 8/11

91 8/11 **Part B for** November 1924.

SUBJECT

Additional Grants for the year 1924-25 - in pursuance of expenditure falling under Votable items.

25/2/09

G. J. 49-24-23

G. R. S. III-2.

(1)

General and Revenue Secretariat.

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(1) A sum of Rs.74,000 has been sanctioned for the grant of advances to persons affected by the recent floods and another of Rs.22,000 has been given for affording gratuitous relief. These sums have been proposed to be met from the reserve of Rs. 1,00,000. There are other items of outlay -- additional to the budget under consideration, e.g., purchase of casks for the Excise Department -- Rs.15,000 and land compensation to the Inamdars of Kudlur village -- Rs.6,000 -- which have been or will have to be incurred. The reserve of Rs.1,00,000 is, therefore, insufficient for meeting all the demands to be met until the next Session of the Legislative Council is summoned. The pressing demands cannot be put off and the question has to be considered whether we can incur expenditure in excess of the reserve in ~~xxxix~~ anticipation of the sanction of the Council.

2 Section 13 of the Legislative Council Regulation and Rules 19,20, and 21 of the Rules thereunder contain no definite provision on this point. Proviso (b) to Section 13 of the Regulation would appear to contemplate cases of emergency expenditure for which the Council has refused to pass supplies, necessitating the provision of funds for such expenditure on the responsibility of the Executive.

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This view is strengthened by Rule 19 which lays down that a statement of emergency expenditure authorised by Government ~~by~~ shall be laid on the table of the Council but that such statement shall not be discussed by the Council. In regard to votable items of expenditure, it would not be consistent with the intention of the new Law to deny the Council ~~any~~ an opportunity of considering the demands of Government, including emergent items, and granting or rejecting them. Emergent expenditure caused by the recent floods cannot ~~probably~~ therefore be brought under proviso (b) to Section 13. It has to be brought under Rule ~~13~~ 21 of the Rules dealing with supplementary grants. But this Rule does not state whether expenditure for ~~such~~ which a supplementary grant is necessary ~~could~~ can be incurred in anticipation of the sanction of the Council. Excess grants referred to in Rule 20 are only for excesses discovered after the close of the year.

3. Neither the Law nor the Rules under it contain any clear provision as to whether emergent expenditure, unprovided for in the original Budget Estimates and requiring to be covered by a supplementary grant, can be incurred before such grant is actually sanctioned by the Council. Considering, however, the fact that the Council can only meet at long

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long intervals and cases of emergent expenditure may arise between ~~the~~ two Sessions, the only natura presumption is that the authorising of emergent expenditure by the Executive Government in anticipation of the sanction of the Legislature is not opposed to the intention of the Law. The followin extract from Hilton Young's book "On the system of National Finance in England" throws some light on the point under discussion:-

"Once a supplementary estimate is authorised by the Treasury, the Department is not kept waiting for its money until the cumbrous business of its ratification by ~~the~~ Parliament has been com-pleted. It is allowed by the Treasury to incur expenditure in anticipation of the final ratification so long as it does not actually spend in excess of its total grants authorised until the supplementary expenditure is authorise

That emergent expenditure in anticipation of Parliamentary sanction is permitted is clear from the above extract. There is, however, the qualificati at the close of the extract relating to the total grant for the department not being exceeded. This qualification is obviously not applicable to cases in which emergent expenditure is altogether new and there is also no means of temporarily drawing

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drawing upon any other grant until a separate grant is voted by the Legislature. Apart from this consideration, the authorising of emergent expenditure on the responsibility of the Executive Government cannot be opposed to the intention of the Law as the Law provides for the restoration of such grants even if disallowed by the Legislature. Besides, no authority other than that which ~~xxx~~ is entrusted with the charge of cayrying on the administration can decide whether an occasion is emergent or not, demanding immediate expenditure of public funds. Of course, under the Reforms, full opportunity must be given to the Legislature to express its opinion on all items of expenditure falling under votable heads and this condition is fully complied with when a demand for a supplementary grant is presented to the Council even after the expenditure has been incurred. The Executive will, of course, have acted under a full sense of responsibility and also keeping in view the possible criticisms to which its actions will be subjected by the Legislature.

4. In the circumstances explained above, I think we have to act on the assumption that we have the authority to anticipate the financial sanction of the Legislative Council to expenditure

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RECD. ON 19. AUG. 1924
Reg. No. 1332

expenditure which, in our opinion, is emergent and cannot wait until the Council meets next and votes a supply for meeting it.

DEWAN.)

Mull 19.8.24

5) ... the ... Mr. ... Mr. ... Mr. ...

6) ...

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8) ...

DEWAN'S OFFICE,
RECD. ON 20. AUG. 1924
Reg. No. 1359

Submitted to His Highness.

9/ In connection with the emergent expenditure which has had to be sanctioned for dealing with the situation created by the recent floods, the point has been raised whether in respect of charges coming under votable heads, the sanction of the Legislative Council can be anticipated and the expenditure authorised and incurred, to be subsequently covered by a supplementary demand presented to the Council. There is no definite provision on this point either in the Legislative Council Regulation or in the Rules under it. The only reasonable presumption is that it is not opposed to the Law to permit emergent expenditure subject, of course, to its being submitted to the Council for ratification; any other view would seriously hamper administration or necessitate the summoning of a special session of the Council.

10/ A grant of Rs. 1 lakh has been passed by the Council as a reserve to be held by Government for meeting unforeseen and miscellaneous items of expenditure subject to the submission of supplementary demands for grants in the usual course. But this reserve is too small for the heavy demands to be met on the occasion of a flood or other unforeseen contingency calling for immediate expenditure of public funds on a fairly large scale. I think we have to act on the assumption that we have the authority to anticipate the financial sanction of the Legislative Council to expenditure, which in our opinion is emergent and cannot wait until the Council meets next and votes a supply for meeting it. Any such expenditure authorised will, of course, be placed before the Council in the form of a demand for a grant to cover it.

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11/ The point raised is important as it concerns the working of the Reforms on the financial side and I have, therefore, thought it well to report the view held about it for the gracious information of His Highness.

Bangalore,
21st August 1924.

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CSR.

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Question whether the sanction of the Legislative Council can be anticipated in regard to emergent expenditure falling under voteable items.

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12/ *Order.*

~~KRW~~

22/8/24

1/ Financial secy

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